[CONFERENCE COMPARISON]

HOUSE JOINT RESOLUTION 372
(99TH CONGRESS)
INCREASING THE STATUTORY LIMIT ON THE PUBLIC DEBT

Listing of Items
and
Explanation

53-473 O

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S362-42

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EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #1: ALTERNATIVE CORPORATE MINIMUM TAX A 15-percent add-on corporate minimum tax is levied on the minimum tax base. This tax base is the amount by which the sum of the tax preference amounts exceeds the greater of $10,000 or the taxpayer's regular tax liability. Tax preference items are the following: (a) accelerated over straight-line depreciation of real property; (b) excluded portion of capital gains; (c) 60-month amortization of pollution control facilities; (d) bad debt reserve deduction over experience for financial institutions; (e) percentage depletion deduction over property's adjusted basis; (f) accelerated write-off for personal holding companies of leased personal property, mining exploration and development costs, research and experimental expenditures circulation expenditures; and (g) the excess of the accelerated write-off over the net income from properties eligible for intangible drilling costs. [Sections 56 and 57, Internal Revenue Code.]	Directs the Senate Finance Committee to report by July 1, 1986, legislation providing for an alternative minimum corporate tax first effective for taxable years starting on or after October 1, 1986. States that the revenue raised by the tax shall be applied to reduce the Federal deficit. [Section 2 of the joint resolution]	
ITEM #2: DEFICIT REDUCTION PROCEDURES/Short Title	Provides a short title for Section 3, the "Balanced Budget and Emergency Deficit Control Act of 1985." [Section 3(a) of the joint resolution]	
ITEM #3: CONGRESSIONAL BUDGET/One Concurrent Resolution on the Budget Required Annually Provides for the annual adoption of two budget resolutions. The first resolution—which is supposed to be adopted by May 15—sets budget targets. The second resolution—which is supposed to be adopted by September 15—sets spending ceilings and revenue floors and may provide for budget reconciliation. Congress may adopt a revised budget resolution at any time. [Sections 1 and 3, and Title III, of the 1974 Budget Act]	Provides for the annual adoption of a single budget resolution by retaining the first budget resolution and eliminating the second. Binding budget levels, and any required reconciliation, would take effect upon the adoption in the spring of the single annual budget resolution. Congress may adopt a revised budget resolution at any time. Makes conforming changes in twelve sections of the Budget Act. [Section 3(b)(1) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #4: CONGRESSIONAL BUDGET/Maximum Deficit Amounts Does not restrict the consideration of any budget resolution recommending a deficit, regardless of the amount of the deficit. Article I, Section 8, Clause 11 of the Constitution states that the Congress shall have the power to declare war. House rules require that budget resolutions and amendments thereto be mathematically consistent—i.e., that budget aggregates and functional totals are consistent. [Title III of the 1974 Budget Act]	Creates two new points of order: makes it out of order in either House to consider an initial or revised budget resolution that recommends a deficit greater than the specified maximum deficit amount for the fiscal year. The prohibition does not apply when a declaration of war has been enacted. Defines the term "deficit" as the excess of total budget outlays over total revenues and includes Social Security spending and revenues. Sets forth the "maximum deficit amount" as follows: —FY 1986, $180 billion; —FY 1987, $144 billion; —FY 1988, $108 billion; —FY 1989, $72 billion; —FY 1990, $36 billion; and —FY 1991, $0. Makes conforming changes in the 1974 Budget Act. [Section 3(b)(2) of the joint resolution]	
ITEM #5: CONGRESSIONAL BUDGET/Reconciliation Provides for a budget reconciliation process (to be completed by September 25) in conjunction with the adoption of a second budget resolution. Also, in conjunction with a first budget resolution, provides for an optional deferred enrollment procedure and "any other procedure which is considered appropriate to carry out the purposes of this Act." [Sections 300, 301 and 310 of the 1974 Budget Act]	Provides for a reconciliation process in conjunction with the single annual budget resolution, to be completed by June 15 of each year. Also, provides for reconciliation in conjunction with a revised budget resolution (but no later than 30 days after the budget resolution is adopted). Requires annual and revised budget resolutions to include, to the extent necessary to stay within targeted deficit levels, reconciliation, deferred enrollment or other appropriate procedures. Makes conforming changes in the 1974 Budget Act. [Section 3(b)(3) of the joint resolution]	
ITEM #6: CONGRESSIONAL BUDGET/Limitation on Amendments The 1974 Budget Act establishes certain special procedures for the consideration of budget resolutions and reconciliation measures, but does not require zero-sum amendments tied to the level of the deficit. [Sections 305 and 310 of the 1974 Budget Act]	Creates two new points of order: Makes out of order any amendment to a budget resolution or reconciliation measure increasing outlays or reducing revenues unless offsetting changes in spending or revenues, or both, are included to ensure that the deficit for any fiscal year set forth in the budget resolution is not increased. A motion to strike a provision in a reconciliation measure is always in order. The prohibition does not apply when a declaration of war has been enacted. [Section 3(b)(4) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #7: CONGRESSIONAL BUDGET/Enforcement Requires committees to report their crosswalk sub-allocations (under Section 302(b)) as soon as practicable after a budget resolution is adopted, but does not bar the consideration of legislation if the allocations are not made. Spending ceilings are established at the aggregate (total budget authority and total outlays) level. Entitlement measures which exceed the reporting committee's allocations shall be referred to and may be reported by the Appropriations Committees with amendments reducing their costs. Does not bar the consideration of any measure because of its impact on the projected deficit alone. Requires committees which report legislation providing new budget authority or tax expenditures to include a statement prepared in consultation with CBO on the legislation's impact on the budget resolution. [Sections 302, 308, 311 and 401 of the 1974 Budget Act]	Requires committees to report their crosswalk sub-allocations (under Section 302(b)) of spending within 10 days after a budget resolution is adopted. A day is defined as a calendar day when either House is in session. Creates a new point of order against the consideration of any spending or credit legislation until the sub-allocations (under Section 302(b)) are made. Establishes spending ceilings at the level of the committee allocations (under Section 302(b)) for both budget authority and outlays. These ceilings are enforced through a new point of order. Creates a new point of order against entitlement legislation exceeding a committee's Section 302(b) allocation, unless the measure is referred to and reported by, the Appropriations Committees, pursuant to current authority, accompanied by a certification that it will reduce appropriations so as to avoid a deficit in excess of specified maximum amounts. Committees may revise their spending allocations at any time, as long as they are consistent with any legislative actions taken earlier in their own House. The prohibitions above do not apply when a declaration of war had been enacted. Creates a new point of order against the consideration of any measure that would cause the maximum deficit amount or levels of deficits in the most recently agreed to budget resolution to be exceeded. Extends the requirement of the report on new budget authority and tax expenditures to conference reports. [Section 3(b)(5) of the joint resolution]	
ITEM #8: PRESIDENT'S BUDGET/Maximum Deficit Amount May Not Be Exceeded The President may propose any level of surplus or deficit in his annual budget submission. [31 U.S.C. 1105]	The President's budget shall be prepared based on the best estimates then available. The level of the deficit projected in the President's budget for a fiscal year may not exceed the maximum deficit amount established for that fiscal year under the Balanced Budget and Emergency Deficit Control Act. The President may recommend any level of spending and revenues that does not cause the maximum deficit amount to be exceeded. The restriction does not apply when a declaration of war has been enacted. [Section 3(c)(1) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #9: PRESIDENT'S BUDGET/ Revisions and Supplemental Summaries The President may propose any level of surplus or deficit in the annual midsession review and other updates of his budget. [31 U.S.C. 1106]	The level of the deficit projected in the mid-session review or other updates of the President's budget for a fiscal year may not exceed the maximum deficit amount established for that fiscal year under the Balanced Budget and Emergency Deficit Control Act. The President may recommend in the mid-session review or other updates any level of spending and revenues that does not cause the maximum deficit amount to be exceeded. The legislative language in this section is not intended to allow the President to trigger the sequestration process if the mid-session review or other updates exceed the maximum deficit amount specified for such fiscal year. [Section 3(c)(2) of the joint resolution]	
ITEM #10: EMERGENCY POWERS/Reporting of Deficits in Excess of Maximum Deficit Amounts	Requires the Directors of the Office of Management and Budget and the Congressional Budget Office to estimate and report jointly to the President and Congress on November 1, 1985, and on September 25 of each succeeding year, with respect to the fiscal year beginning on October 1 of such year. The report must: —estimate the levels of total revenues and budget outlays anticipated for such fiscal years; —identify the amount of any excess deficit for the fiscal year; —state whether such excess is statistically significant; —estimate the rate of real economic growth by quarter; and —specify the percentages by which automatic spending increases and controllable expenditures shall be reduced to eliminate the excess. In cases of disagreement between the Directors, the average of the two amounts in disagreement is used. The requirement does not apply when a declaration of war has been enacted. [Section 3(d)(1) of the joint resolution]	

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ITEM #11: EMERGENCY POWERS/Presidential Order The President may reduce spending levels in law by proposing either a rescission or deferral of budget authority under procedures established in the Impoundment Control Act of 1974. A rescission (cancellation) of budget authority can take effect only if approved in law by Congress. A deferral (the delay of obligation or expenditure) takes effect immediately and may last until the end of the fiscal year. Rescissions and deferrals are not required to be triggered by projections of the deficit level for a fiscal year. [Title X of the Congressional Budget and Impoundment Control Act of 1974]	Requires the President to issue an order to reduce spending whenever the joint report required to be submitted by OMB and CBO shows a deficit for the fiscal year in excess of the maximum deficit amount by a statistically significant amount (7% over the maximum for fiscal year 1986 and 5% over the maximum for fiscal years 1987 through 1992). This order consists of two parts: the suspension of automatic spending increases and the sequester of controllable expenditures. The President's order must eliminate one-half of the excess by modifying automatic spending increases in law by a uniform percentage, but not below zero, and one-half from controllable expenditures. If all of the required savings in automatic spending increases cannot be achieved, then the remaining savings must be made by additional savings in controllable expenditures. Non-indexed Federal benefit programs for individuals (including the earned income tax credit and veterans' benefits) cannot be reduced in such a way that beneficiaries receive less than they were entitled to prior to the issuance of the order. Veterans' compensation is treated as an automatically indexed program if a veterans' cost-of-living increase is enacted. The President's order may reduce spending notwithstanding the Impoundment Control Act of 1974. A sequester order may not eliminate any Federal program. Nor may it change any priorities within the budget or change eligibility for program benefits. Outlays must be reduced by a uniform percentage for each appropriation account and for each program, project or activity within accounts when specified in an Appropriations bill or committee report. The President must submit to Congress a report detailing the effects of his sequester order. The President must issue a sequester order within 14 days after receiving the joint report if positive real economic growth is projected, and within 30 days from the issuance of the order if negative real economic growth is projected. Spending is withheld from obligation for 30 days to allow Congress to consider an alternative deficit reduction plan. If such plan is not enacted within those 30 days, the order takes effect and all amounts reduced are permanently cancelled. Reductions in automatic spending increases are effective for one calendar year from the effective date of the modified increase. The President may submit a message to Congress proposing an alternative means of eliminating the excess deficit. The message shall be referred to all committees having jurisdiction over the affected programs. [Section 3(d)(2) of the joint resolution]	

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ITEM #12: EMERGENCY POWERS/Congressional Action	Authorizes the Budget Committees to report, no later than 10 days after a presidential sequester order is issued, a concurrent resolution affirming or not affirming (in whole or in part) the order. If not completely affirmed, the resolution must contain reconciliation instructions to committees sufficient to achieve the maximum deficit amount. In the event that such a concurrent resolution not affirming all or part of an order is adopted, a budget reconciliation process is initiated in which committees have 10 days after the conference report on the concurrent resolution is adopted to submit their recommendations to the Budget Committees. The Budget Committees must then report without revision omnibus legislation; in cases where a committee submits no recommendations, however, the Budget Committees shall include appropriate legislative language, within the jurisdiction of the non-complying committee sufficient to achieve the required deficit reduction. Creates a new point of order against the consideration of a required reconciliation measure that would cause the deficit to exceed the deficit set forth in the most recently agreed to budget resolution or the specified maximum deficit amount, except when negative real growth is projected. The point of order applicable to amendments to reconciliation measures discussed under Item #6 also applies. The consideration of concurrent resolutions and reconciliation measures under this section is governed by Sections 305 and 310 of the 1974 Budget Act. Debate in the Senate on a concurrent resolution is limited to 10 hours. Amendments to add instructions to committees not otherwise instructed would be in order. A committee would be in compliance with instructions if it has recommended legislative changes within its own jurisdiction to achieve the required deficit reduction. Allows committees which receive spending and revenue instructions 20% flexibility in meeting those instructions (for both the regular and the expedited reconciliation procedures). A reconciliation bill providing a Congressional alternative to the Presidential order goes to the President for signature or veto. If vetoed, the Presidential order governs. [Section 3(d)(3) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #13: EMERGENCY POWERS/Definitions	Defines terms used in the Act: *"Automatic spending increase"* includes all Federal programs indexed directly, but excludes benefit increases under the OASDI programs and increases due to changes in program participation rates. The definition of *"controllable expenditures"* is based upon annual appropriations acts and accompanying reports, and includes funds for existing contracts unless penalty provisions in such contracts produce a net loss to the Government or reduction of the contracts violates legal obligations of the Government. The term excludes outlays for automatic spending increases, OASDI benefits, increases in program participation rates, prior-year obligations, and interest on the debt. *"Sequester"* means the permanent cancellation of budget authority, obligation limitations, other budgetary resources, or loan limitations, to the extent necessary to reduce each controllable expenditure by a uniform percentage. A *"statistically significant"* excess is 7 percent greater than the maximum deficit amount for fiscal year 1986 and 5 percent for succeeding fiscal years. The *"maximum deficit amount"* is $180 billion for FY 1986; $144 billion for FY 1987; $108 billion for FY 1988; $72 billion for FY 1989; $36 billion for FY 1990; and zero for FY 1991. *"Real economic growth"* for a fiscal year is the nominal growth in the production of goods and services during such fiscal year, adjusted for inflation. *"Other budgetary resources"* are unobligated balances, reimbursements, receipts credited to an account, and recoveries of prior year obligations. The remaining two terms are: "Budget outlays," and "Concurrent resolution on the budget." [Section 3(d)(4) of the joint resolution]	
The following terms are defined in the Budget Act and are un changed by the Senate amendment: **"Budget outlays," and** **"Concurrent resolution on the budget."** [Section 3 of the 1974 Budget Act]		

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EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #14: BUDGETARY TREATMENT OF SOCIAL SECURITY/ Fiscal Years 1986 through 1992 The spending and revenues associated with the Social Security trust funds are included in the budget totals (in a separate functional category) until fiscal year 1992, when they are moved off-budget. [Section 710 of the Social Security Act]	Removes spending and revenues associated with Social Security from the budget for fiscal years 1986 through 1992 (except for purposes of calculating the budget deficit) and exempts them from the deficit reduction procedures. Prohibits any future law from allowing interfund payments between the general fund of the Treasury and the OASDI trust funds, except as authorized by the Social Security Act as now in effect. [Section 3(e)(1) of the joint resolution]	
ITEM #15: BUDGETARY TREATMENT OF SOCIAL SECURITY/ Fiscal Years 1993 and Thereafter	For fiscal year 1993 and thereafter prohibits any law which allows interfund payments between the general fund of the Treasury and the OASDI trust funds, except as authorized by the Social Security Act as now in effect. [Section 3(e)(2) of the joint resolution]	
ITEM #16: BUDGET ACT WAIVERS The House and Senate may waive or suspend by majority vote or unanimous consent any provision of Titles III or IV of the 1974 Budget Act (pertaining to the budget resolution process, reconciliation, and enforcement procedures). [Section 904 of the 1974 Budget Act]	Requires a three-fifths vote of the entire membership in the Senate to waive certain provisions of the 1974 Budget Act that bar amendments to a budget resolution that increase the deficit figure (new Section 305(b)(2)(B)), and bars nongermane amendments. Also requires a three-fifths vote of the entire membership in the House and the Senate to waive rules which protect the jurisdiction of the Budget Committees (Section 306). [Section 3(f) of the joint resolution]	
ITEM #17: OTHER WAIVERS AND SUSPENSIONS	Requires a three-fifths vote of the entire membership of either House to waive or suspend any provision of the Balanced Budget and Emergency Deficit Control Act of 1985. This requirement creates a conflict with Item #16 regarding House and Senate procedures to waive provisions of this Act and Titles III and IV of the Budget Act. [Section 3(g) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #18: SUPPLEMENTAL AND BUDGET ESTIMATES The President is required to submit to Congress a supplemental summary (the "mid-session review") of his January/February budget estimates before July 16 of each year. [31 U.S.C. 1106]	Changes the deadline for submission by the President of the supplemental budget summary ("mid-session review") from before July 16 to before September 16. [Section 3(h) of the joint resolution]	
ITEM #19: POINT OF ORDER AGAINST RECONCILIATION LEGISLATION CONTAINING SOCIAL SECURITY RECOMMENDATIONS Under the reconciliation process provided for in the 1974 Budget Act, committees may recommend changes in any law or program within their jurisdiction in order to comply with reconciliation instructions. [Section 310 of the 1974 Budget Act]	Creates a new point of order against the consideration in either House of reconcilation legislation pursuant to the existing budget process containing recommendations pertaining to Social Security (the OASDI programs and trust funds). [Section 3(i) of the joint resolution]	
ITEM #20: APPLICATION TO FISCAL YEARS 1986 THROUGH 1991	The deficit reduction procedures become effective upon enactment and apply to fiscal years 1986 through 1991, with certain exceptions: (1) provisions dealing with Social Security inter-fund transfers are permanent; (2) provisions dealing with the following subjects apply to fiscal years 1987 through 1991: —annual budget resolution; —bar against a budget resolution exceeding maximum deficit amounts; —enactment of reconciliation legislation by June 15; —allocations of spending by subcommittees to be reported within ten days after adoption of budget resolution; and —President's budget must adhere to maximum deficit amounts. [Section 3(j) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #21: CONGRESSIONAL RULEMAKING POWERS The Budget Act currently contains language stating that its congressional procedures are enacted pursuant to the rulemaking powers of the House, and in recognition of the constitutional powers of each House to change its rules. [Section 904 of the 1974 Budget Act]	States that the applicable deficit reduction procedures, except those applying to the Executive Branch, are enacted as part of the rules of the House and Senate, with full recognition of the constitutional right of either House to change its rules at any time. Some procedures which would apply upon enactment are: (1) A point of order against a revised budget resolution exceeding the maximum deficit amount; (2) Specifically requires reconciliation instructions in a revised budget resolution, as necessary to achieve the maximum deficit amount; (3) A point of order against amendments to a budget resolution increasing the deficit; (4) A point of order against amendments to a reconciliation measure increasing the deficit above the budget resolution or the maximum deficit amount. (5) A point of order against spending or credit measures until the reporting committee files its Section 302(b) allocation; and (6) A point of order against spending legislation in excess of a committee's 302(b) allocation. [Section 3(k) of the joint resolution]	
ITEM #22: SENSE OF THE SENATE REGARDING APPLICATION TO RURAL PROGRAMS	Expresses the sense of the Senate that any sequestering of controllable expenditures shall not affect rural programs disproportionately. [Section 3(l) of the joint resolution]	
ITEM #23: REPORT REQUIRED ON IMPROVED TAX ENFORCEMENT AND COLLECTION	Instructs the Directors of OMB and CBO, and the Secretary of the Treasury, to report jointly to the President and the House Ways and Means and Senate Finance Committees on improving tax enforcement, including an assessment of projected revenue gain, alternate methods to boost compliance, and the impact of IRS funding increases on enforcement. The report shall be issued annually no later than when the President submits his budget to Congress. [Section 3(m) of the joint resolution]	
ITEM #24: TREATMENT OF CERTAIN COST-OF-LIVING ADJUSTMENTS Provides that a Social Security COLA counts as income in determining payments for Supplemental Security Income and certain other programs. [Section 1612 of the Social Security Act]	Provides that any COLA for Social Security shall not count as income in determining payments for Supplemental Security Income and certain other programs when a sequester order is in effect. [Section 3(n) of the joint resolution]	

EXPLANATION OF CURRENT LAW	EXPLANATION OF SENATE AMENDMENT	NOTES
ITEM #25: PRESIDENTIAL RECOMMENDATIONS TO MEET AN ESTIMATED DEFICIT Requires the President, in his annual budget proposal, to recommend "appropriate action to meet" an estimated deficit for the fiscal year. Also, the President must make recommendations "required by the public interest" when a surplus is anticipated. [31 U.S.C. 1105(c)]	Prohibits the President from recommending in his annual budget submission—to meet an anticipated deficit for a fiscal year—an increase in borrowing authority or in the public debt limit in excess of that allowed under the maximum deficit amounts established for fiscal years 1987 through 1991. [Section 3(o) of the joint resolution]	
ITEM #26: SAVINGS FROM INFLATION ADJUSTMENTS IN CONTRACTS	Instructs the Directors of OMB and CBO to assume, when preparing the annual joint report on the deficit, that adjustments for inflation for contracts in excess of $20 million and other activities will be made using "the best available estimate of inflation." In cases of disagreement between the Directors, the average of the two amounts in disagreement is used. [Section 3(p) of the joint resolution]	
ITEM #27: COMMODITY CREDIT CORPORATION LOANS AND GUARANTEED STUDENT LOANS	Provides that future contracts for Commodity Credit Corporation loans and guaranteed student loans shall be deemed to be controllable expenditures and subject to a Presidential sequester order under the deficit reduction procedures. [Section 3(q) of the joint resolution]	
ITEM #28: "ACHILLE LAURO" HIJACKING	States certain findings with regard to the hijacking of the *Achille Lauro* cruise ship and the murder of Leon Klinghoffer, and expresses the sense of the Senate that the United States should "take the strongest measures to ensure that those responsible for this brutal act against an American citizen are brought to justice." [Section 4 of the joint resolution]	

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